

TEACHERS' RETIREMENT BOARD

REGULAR MEETING

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SUBJECT: Update on State Legislation

ITEM NUMBER: 7a

ATTACHMENT(S): 1

ACTION:     

MEETING DATE: October 11, 2001

INFORMATION:   X  

PRESENTER: Ed Derman

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**SUMMARY OF STATE LEGISLATION**

Attached is a summary of CalSTRS-related legislation. Mr. Derman will provide a verbal update at the meeting.



**CALIFORNIA STATE TEACHERS' RETIREMENT SYSTEM**  
**LEGISLATIVE SUMMARY – REGULAR BOARD**  
**2001-2002 Regular Session – September 21, 2001**

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[illegible]

AB 649	AUTHOR:	Assembly Member Negrete McLeod
	TITLE:	Retirement benefits for part-time community college employees
	AMENDED:	9/14/01
	LOCATION:	Provisions deleted and replaced with provisions to ratify memorandum of understanding between state and state employees. To Governor

**SUMMARY:** In previous version, requires community college districts to offer Social Security coverage and an alternative retirement plan to their part-time employees and allows part-time classified community college employees to participate in Cash Balance Benefit Program, if offered by employer.

P – FACCC

O – ACCCA, Kern County Superintendent of Schools

AB 804      AUTHOR:      Assembly Member Strom-Martin  
               TITLE:      Notification of CBEST requirements  
               AMENDED: 9/14/01  
               LOCATION: To Governor

**SUMMARY:** Requires CalSTRS to provide both active and retired members with information concerning requirements for passing the California Basic Educational Skills Test if an individual wants to return to the classroom after being absent for 39 months.

**COSTS:** Benefit program – None

Administrative – Potentially minor costs to modify CalSTRS publications and Annual Statements.

P – CDE

0 – None known

**CALIFORNIA STATE TEACHERS' RETIREMENT SYSTEM**  
**LEGISLATIVE SUMMARY – REGULAR BOARD**  
**2001-2002 Regular Session – September 21, 2001**

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[illegible]

AB 906      AUTHOR:      Assembly Member Salinas  
 TITLE:      Reduction of state employee retirement contribution rates  
 AMENDED:   9/14/01  
 LOCATION:   To Governor

**SUMMARY:** Reduces through June 30, 2003 employee retirement contribution rates for specified state employees who are members of CalSTRS' Defined Benefit (DB) Program or of CalPERS.

**COSTS:** Benefit program – Reduces total contributions to the DB Program by \$12,539 for the period from August 1, 2001 to June 20, 2003 for three affected state employees who are DB Program members.

Administrative – Undetermined, likely nominal costs associated with adjusting reporting procedures, manually receiving employee and employer contributions, and inputting corrected data into CalSTRS' automated systems.

P – DPA

0 – None known

AJR 3      AUTHOR:    Assembly Member Leonard  
                  TITLE:      Repeal reduction in Social Security benefits  
                  LOCATION: Resolution Chapter 66

**SUMMARY:** Requests that Congress repeal the Government Pension Offset and the Windfall Elimination Provision on Social Security benefits.

**COSTS:** Benefit program – None

Administrative – None

P – CRTA

0 – None known

[illegible]

**CALIFORNIA STATE TEACHERS' RETIREMENT SYSTEM**  
**LEGISLATIVE SUMMARY – REGULAR BOARD**  
**2001-2002 Regular Session – September 21, 2001**

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[illegible]

SB 191      AUTHOR:      Senator Karnette  
 TITLE:      Defined Benefit Supplement (DBS) enhancement and health  
                  benefit account  
 AMENDED:   3/13/01  
 LOCATION:   Senate Appropriations (Held in committee)  
 BOARD POSITION: Support, if amended\*

**SUMMARY:** Requires CalSTRS to make annual contributions to members' DBS accounts until 7/1/11 based on their years of credited service. Requires CalSTRS to pay the Medicare Part B premiums of active and retired DB Program members who are at least 55 years of age on 1/1/02. Requires CalSTRS to establish nominal accounts and credit each account with \$600 per year to pay healthcare insurance premiums for DB Program members who retired before 1/1/01.

**COSTS:** Benefit program – Total amortized cost of \$6,556 million over 30 years

Administrative – Implementation costs likely to exceed \$1 million

P – SSDA, UTLA

0 – None known

SB 334      AUTHOR:     Senator Ortiz  
               TITLE:     Retirement following reinstatement  
               AMENDED: 9/5/01  
               LOCATION: To Governor  
               BOARD POSITION: Support\*

**SUMMARY:** Increases benefits for members who retired for service, reinstate and perform creditable service for two years following reinstatement from a prior retirement.

**COSTS:** Benefit program – Amortized cost of \$45 million over 15 years

Administrative – Minor and absorbable

P – ACSA, CFT, CRTA, CTA, F.A.I.R.

0 – None known

**CALIFORNIA STATE TEACHERS' RETIREMENT SYSTEM**  
**LEGISLATIVE SUMMARY – REGULAR BOARD**  
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[illegible]

SB 461      AUTHOR:      Senator Torlakson  
 TITLE:      Catastrophic Prescription Drug Insurance Program  
 LOCATION:   Senate Appropriations (Held in committee)  
 BOARD POSITION: Support, if amended\*

**SUMMARY:** Provides high deductible coverage for prescription drugs to retired members of the DB Program with unspecified minimum levels of credited service.

**COSTS:** Benefit program – Present value cost of \$425 million to \$650 million over 10 years, depending on plan features

Administrative – At least \$1 million in implementation costs

P – ACSA, CFT, CTA

0 – None known

SB 499      AUTHOR:     Senator Soto  
               TITLE:     CalSTRS program adjustments  
               AMENDED:  9/5/01  
               LOCATION: To Governor  
               BOARD POSITION: Sponsor\*

**SUMMARY:** Increases loan limits in the Home Loan Program, eliminates the 1/1/02 sunset for eligibility of dependent children for family allowance under Coverage A and authorizes purchase of CB Benefit Program participation as DB Program service credit. Appropriates \$1 million to pay the administrative costs of implementing benefit changes that become effective after 2001.

**COSTS:** Benefit program – Annual net increase for continuing Coverage A eligibility of \$464,000 in first year and \$531,000 per year thereafter

Administrative – Minor and absorbable costs to increase Home Loan Program loan limit and to authorize conversion of CB Program participation to DB Program service credit. One-time appropriation of \$1 million.

P – CalSTRS

0 – None known

[illegible]

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**BILL NO. >> INFORMATION**

[illegible]

P – CalPERS  
O – None known

## LEGEND OF ABBREVIATIONS

P = PROPONENTS    O = OPPONENTS

### **ABBREVIATION**

### **ORGANIZATION**

AARP	American Association of Retired Persons, State Legislative Committee
AALA	Associated Administrators of Los Angeles
ACCCA	Association of California Community College Administrators
ACSA	Association of California School Administrators
AFSCME	American Federation of State, County and Municipal Employees
AFT	American Federation of Teachers
AGENCY	State and Consumer Services Agency
A.R.E.	Association of Retirees for Equity
ART	Association of Retired Teachers
BOE	Board of Equalization
BOG	Board of Governors, California Community Colleges
Cal-Tax	California Taxpayers Association
CalPERS	California Public Employees' Retirement System
CalPIRG	California Public Interest Research Group
CalSTRS	California State Teachers' Retirement System
CASBO	California Association of School Business Officials
CCA	Community College Association
CCAE	California Council for Adult Education
CCC	California Community Colleges
CCD	Community College District
CCPOA	California Correctional Peace Officers Association
CDE	California Department of Education
CFA	California Faculty Association
CFT	California Federation of Teachers
CNEC	California Network of Educational Charters
CPCA	California Police Chiefs' Association
CPFFA	California Professional Firefighters Association
CRTA	California Retired Teachers Association
CSAC	California State Association of Counties
CSBA	California School Boards Association
CSEA	California School Employees Association
CSL	California Senior Legislature
CSU	California State University
CTA	California Teachers Association
DOE	Department of Education
DOF	Department of Finance
DGS	Department of General Services
DPA	Department of Personnel Administration

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### **ABBREVIATION**

### **ORGANIZATION**

FACCC	Faculty Association of California Community Colleges
F.A.I.R.	Faculty Attempting to Improve Retirement
FCPHE	Faculty Coalition for Public Higher Education
FTB	Franchise Tax Board
LACCD	Los Angeles Community College District
LADSA	Los Angeles Deputy Sheriffs' Association
LAUSD	Los Angeles Unified School District
OCDE	Orange County Department of Education
PARS	Public Agency Retirement System
PERF	Public Employees Retirement Fund
PORAC	Peace Officers Research Association of California
RPEA	Retired Public Employees Association
SACRS	State Association of County Retirement Systems
SBMA	Supplemental Benefit Maintenance Account
SCSA	State and Consumer Services Agency
SDCOE	San Diego County Office of Education
SEIU	Service Employees International Union
SLC	State Lands Commission
SSC	School Services of California
SSDA	Small School Districts' Association
START	State Teachers' Automation Redesign Team
TRB	Teachers' Retirement Board
TRF	Teachers' Retirement Fund
TRL	Teachers' Retirement Law
UTLA	United Teachers of Los Angeles

### **STANDING COMMITTEES OF THE ASSEMBLY/SENATE**

Assembly PER&SS	Assembly Public Employees, Retirement and Social Security Committee
Senate PE&R	Senate Public Employment and Retirement Committee